



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION  
LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

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Fifth District

June 17, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS: METRO BLUE LINE  
MEMORANDUM OF UNDERSTANDING FOR  
LIABILITY SHARING  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

This action is to continue the established process for liability sharing between the County of Los Angeles and the Los Angeles County Metropolitan Transportation Authority on claims arising from the operation of the Metro Blue Line.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Chair of the Board to sign Amendment No. 6 to the existing Memorandum of Understanding between the County and the Los Angeles County Metropolitan Transportation Authority extending the expiration date of the existing Memorandum of Understanding to July 31, 2018, and deleting the City of Long Beach from this joint liability arrangement for liability, insurance, and indemnification with respect to operations, use, and/or maintenance of the Metro Blue Line.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to continue the established process for the fair and speedy resolution of claims arising from the operation of the Metro Blue Line between the County of Los Angeles (County) and the Los Angeles County Metropolitan Transportation Authority (Metro).

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we provide Service Excellence (Goal 1), and Fiscal Responsibility (Goal 4). This action will limit the County's liability arising from the operation of the Metro Blue Line and will provide a resolution for claims in a timely, responsive, and cost-effective manner.

### **FISCAL IMPACT/FINANCING**

There will be no impact on the County General Fund.

Metro's insurance policies provide coverage up to \$100 million per occurrence in excess of a \$4.5 million self-insured deductible for which the County may be responsible. The County's obligation is 2 percent of any loss not covered by the insurance policies. Metro pays 98 percent of any losses not covered by the policies and pays the premiums for the policies.

The County's share of any judgment or settlement would be financed utilizing the Top of Pot allocation of Proposition A Local Return Transit funds in the Transit Enterprise Fund administered by Public Works.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Under the terms of the Memorandum of Understanding (MOU), the County will be insured under a policy of liability insurance for losses arising from the operation of the Metro Blue Line. The MOU provides that all liability claims filed against the County be handled by Metro's Risk Management Department and Metro's third party administrator. This arrangement has reduced claim costs for all parties by eliminating duplication of effort, inconsistencies in approach, and cross-complaints between involved agencies.

Metro, the former Southern California Rapid Transit District and the Los Angeles County Transportation Commission, assumed a 90 percent share and spread the remaining 10 percent among the County, the City of Compton, the City of Long Beach, and the City of Los Angeles, with the County being assigned two percent. The share between the involved cities and the County is based on several factors, including the number of miles of rail, the number of stations, and the number of at-grade crossings within each jurisdiction.

On December 18, 1990, Synopsis No. 65, your Board approved a MOU between the Cities of Compton, Long Beach, and Los Angeles, and Metro for liability sharing on the Metro Blue Line.

Subsequent to the Board action on December 18, 1990, the City of Los Angeles decided not to participate in the joint liability arrangement. A new MOU was prepared by Metro to extend the term of the MOU to July 31, 1992, and to delete the City of Los Angeles. This MOU was executed by your Board on September 24, 1991.

On January 26, 1993, Synopsis No. 49, your Board approved Amendment No. 1 to the MOU. Amendment No. 1 extended the expiration date of the MOU to July 31, 1995.

On September 24, 1996, Synopsis No. 53, your Board approved Amendment No. 2 to the MOU. Amendment No. 2 extended the expiration date of the MOU to July 31, 1998.

On October 13, 1998, Synopsis No. 41, your Board approved Amendment No. 3 to the MOU. Amendment No. 3 extended the expiration date of the MOU to July 31, 2003. This amendment included two, 1-year automatic renewals. At this point, the City of Compton declined to further participate in the joint liability arrangement.

On July 29, 2003, Item No. 50, your Board approved Amendment No. 4 to the MOU. Amendment No. 4 extended the expiration date of the MOU to July 31, 2008, and retained the same language as the MOU and the adopted amendments.

On May 30, 2006, Item No. 54, your Board approved Amendment No. 5 to the MOU. Amendment No. 5 changed the language in the MOU to properly reflect the current claims processing practice. These changes did not have any financial impact on the participants.

The attached Amendment No. 6 proposes to extend the expiration date of the MOU to July 31, 2018, and to delete the City of Long Beach from their participation in this joint liability arrangement. Except as expressly amended, the language in the MOU and the adopted amendments remains the same.

Upon your approval, we will inform Metro of the continuation of the program. County Counsel has reviewed and approved Amendment No. 6 as to form.

### **ENVIRONMENTAL DOCUMENTATION**

The amendment to the MOU is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a project by Section 15378(b) of the State CEQA guidelines. The amendment and MOU constitute fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

The Honorable Board of Supervisors  
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**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

This action will provide for the continuation of the established claims processing practice arising from the operation of the Metro Blue Line.

**CONCLUSION**

Attached are three County originals. Please return two County originals and two adopted copies of this letter to the Department of Public Works, Programs Development Division.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:DDE  
SA:yr

Attachment

c: County Counsel

AMENDMENT NO. 6 TO MEMORANDUM OF UNDERSTANDING  
FOR LIABILITY, INSURANCE AND INDEMNIFICATION WITH RESPECT TO  
OPERATIONS, USE OR MAINTENANCE OF THE  
METRO BLUE LINE BY AND BETWEEN COUNTY OF LOS ANGELES AND  
THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

This Amendment No. 6 to Memorandum of Understanding (this "Amendment"), is effective as of August 1, 2008, by and between the County of Los Angeles (the "County") and the Los Angeles County Metropolitan Transportation Authority ("LACMTA").

RECITALS:

A. The City of Long Beach, the County, the Southern California Rapid Transit District ("RTD"), the Los Angeles County Transportation Commission ("LACTC") and the City of Compton entered into that certain Memorandum of Understanding on September 24, 1991 which was amended by that certain Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4 and Amendment No. 5 (as amended, the "Existing MOU"). The Existing MOU provides for a process for the fair and speedy resolution of claims arising from the Metro Blue Line and the contribution of costs from the parties; and

B. As of April 1, 1993, the RTD and the LACTC were abolished and the LACMTA succeeded to all the powers, duties, rights, obligations, liabilities, indebtedness, immunities and exemptions of the RTD and the LACTC.

C. In 1998, the City of Compton declined to continue the arrangement described in the Existing MOU.

D. The Existing MOU expires on July 31, 2008.

E. The City of Long Beach has declined to continue the arrangement described in the Existing MOU.

F. The County and LACMTA desire to continue the arrangement described in the Existing MOU as amended as provided herein.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Section 1 of the Existing MOU is hereby amended by deleting "July 31, 2008" and substituting "July 31, 2018" as the new Expiration Date.

2. Section 4 of the Existing MOU is hereby amended by deleting it in its entirety and replacing it with the following:

“Contribution to incurred losses, defense costs and other allocated loss costs under the terms of this memorandum shall be made by each of the undersigned public Agencies, regardless of fault or degree of negligence, in the following manner:

County of Los Angeles

2% of loss

LACMTA shall pay the remainder of all losses, defense costs and other allocated loss costs after the above amount has been allocated.”

3. Section 6 of the Existing MOU is hereby amended by deleting it in its entirety and replacing it with the following:

“Coverage under this memorandum shall follow coverage under the excess liability insurance provided by the LACMTA as of August 1, 2008 at no cost to the other participating agencies to specifically insure the liabilities for the Metro Blue Line. Any party to the MOU may terminate this MOU within 90 days of notice of any change to the LACMTA’s excess liability policy limits or retention in effect as of August 1, 2008. The termination will not affect the obligation of parties for claims occurring prior to the termination of the MOU.”

4. The Existing MOU is hereby amended by deleting all references to the City of Long Beach.

5. Except as expressly amended hereby, the Existing MOU remains in full force and effect. All rights and obligations of the parties under the Existing MOU (including all prior amendments) that are not expressly amended by this Amendment shall remain unchanged by this Amendment.

6. This Amendment may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one agreement.

IN WITNESS WHEREOF, the parties have caused this Amendment No. 6 to be duly executed and delivered as of the above date.

COUNTY OF LOS ANGELES

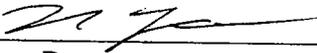
By \_\_\_\_\_  
Chair, Board of Supervisors

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION  
AUTHORITY

By:   
Name: Gregory Kildare  
Title: Executive Officer of Risk Management

Approved as to form:

Raymond G. Fortner, Jr.  
County Counsel

By:   
Deputy